

Message Text

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INFO OCT-01 IO-10 ISO-00 CIAE-00 COME-00 EB-07 INR-07

LAB-04 NSAE-00 SIL-01 SAJ-01 HEW-02 CU-02 OMB-01

TRSE-00 DODE-00 PM-03 H-02 L-03 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 /086 W
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R 101125Z JUN 75
FM AMEMBASSY BONN
TO SECSTATE WASHDC 0639
INFO AMCONSUL BREMEN
AMCONSUL DUSSELDORF
AMCONSUL FRANKFURT
AMCONSUL HAMBURG
AMCONSUL MUNICH
AMCONSUL STUTTGART
USMISSION USBERLIN
USMISSION EC BRUSSELS
USMISSION GENEVA
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AMEMBASSY THE HAGUE

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E.O. 11652: N/A
TAGS: ELAB, GW
SUBJECT: DGB REAFFIRMS CALL FOR BUNDESTAG ACTION ON
CONTROVERSIAL ISSUES OF INVESTMENT CONTROLS AND
VOCATIONAL EDUCATION REFORMS

REF: BONN 0302, 8307, 8325, 8396, 8397, 8398, 9145

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1. SUMMARY. REACTING TO THE UNEMPLOYMENT SITUATION

THE 10TH DGB CONVENTION IN HAMBURG MAY 25 - 31 RE-AFFIRMED ITS PREVIOUS CALLS FOR GOVERNMENTAL ACTION TO REGULATE INVESTMENT IN THE FRG. THE DGB BLAMES SUCH PROBLEMS AS THE RECENT CRISIS IN VOLKSWAGEN AND THE WITHDRAWAL OF REYNOLDS ALUMINUM COMPANY FROM ITS HAMBURG PROJECT ON IRRESPONSIBLE INVESTMENT PLANNING. AS A REMEDY, THE DGB REAFFIRMED ITS RECENT PUBLIC STATEMENTS IN A POLICY RESOLUTION CALLING FOR THE GOVERNMENT TO CREATE GOVERNMENTAL MEANS FOR INVESTMENT REGULATION OF LARGE DOMESTIC AND FOREIGN INVESTMENTS, INCLUDING CODETERMINATION RIGHTS FOR TRADE UNIONS IN LONGER-RANGE ECONOMIC REGIONAL AND SECTORAL INVESTMENT PLANNING. NEITHER CHANCELLOR SCHMIDT (SPD) NOR ECONOMIC MINISTER HANS FRIDERICH (FDP) AVE THE DGB MUCH ENCOURAGEMENT. CULMINATING ITS CAMPAIGN TO SUPPORT SPD MINISTER OF EDUCATION AND SCIENCE HELMUT ROHDE'S ATTEMPTS TO SECURE REFORM IN THE CONTROVERSIAL AREA OF VOCATIONAL EDUCATION, THE DGB REAFFIRMED ITS LONGSTANDING CALL FOR BUNDESTAG ACTION ON VOCATIONAL EDUCATION REFORM LEGISLATION. IN ANOTHER KEY RESOLUTION, THE DGB REPEATED ITS OFTEN STATED CALL FOR GOVERNMENTAL ACTION AGAINST ALLEGED PRESS MONOPOLIES AND FOR PLACING THE PRESS UNDER THE SAME TYPE OF PUBLIC CONTROL THAT NOW EXISTS FOR RADIO AND TELEVISION. END SUMMARY.

2. INVESTMENT CONTROLS: DGB PRESIDENT VETTER MADE THE POINT THAT EVERYBODY KNOWS THAT THERE HAS ALWAYS BEEN INVESTMENT PLANNING. THE ISSUE NOW IS ONLY BY WHOM AND FOR WHAT PURPOSE. THE IDEA THAT THE WORKERS MUST BEAR THE BRUNT OF DISMISSALS, THE CLOSING OF FACTORIES, THE DESTRUCTION OF JOBS AND THE ENDANGERING OF HUMAN EXISTENCE IN A MODERN ECONOMY IS UNACCEPTABLE TO GERMAN WORKERS. THE APPROVED DGB RESOLUTION ON INVESTMENT CONTROLS CALLED FOR NEW LEGISLATION GIVING THE GOVERNMENT POWER TO ESTABLISH A PUBLIC AGENCY WHERE ALL INVESTMENT PLANS OF LARGE FIRMS MUST BE REPORTED. THIS COMPULSORY REPORTING REQUIREMENT WOULD BE APPLICABLE TO FIRMS WITH TWO OF THE THREE FOLLOWING CRITERIA: EMPLOYMENT OF OVER 2,000 PERSONS, DM 75 MILLION CAPITAL OR DM 150 MILLION TURN-OVER. THE DGB JUSTIFIED THIS DEMAND BY LIMITED OFFICIAL USE

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SAYING THAT ITS REALIZATION WOULD REPRESENT A CONTRIBUTION TO A GERMAN SOCIETY OF ECONOMIC PROGRESS AND SOCIAL JUSTICE. "BETTER INVESTMENT POLICY AND NEW INSTITUTIONS AGAINST CRISIS DEVELOPMENTS IN THE ECONOMY NEED TO BE DEVELOPED. ONE OF THE PRINCIPAL NEEDS IS ADEQUATE ADVANCE INFORMATION AS A BASIC PREREQUISITE FOR EFFECTIVE PLANNING AND SOLUTIONS FOR INVESTMENT REGULATION AND COORDINATION FOR SECTORAL AND REGIONAL

ECONOMIC DEVELOPMENT."

CHANCELLOR SCHMIDT AGREED WHEN HE SAID: "OUR SHORT-TERM ECONOMIC POLICY NEEDS TO BE BROADENED WITH A MORE EFFECTIVE LONG-TERM ECONOMIC POLICY. IT IS RIGHT THAT OUR JOBS AS WELL AS OUR PROSPERITY, PRODUCTIVITY AND REAL INCOME NEED TO REMAIN SECURE AND WE NEED TO FIND BETTER WAYS TO ADJUST THE STRUCTURE OF OUR ECONOMY TO PRODUCE THESE BASIC NEEDS. BUT I THINK, IN THE DISCUSSION OF THIS QUESTION, NO ONE HAS DISCUSSED THE BASIC PRACTICAL DIFFICULTY THAT ARISES IN SOLVING THIS PROBLEM. OUR DIFFICULTY IS THAT THE PRESENT MEANS FOR ASSESSING AND PREDICTING THE DEVELOPMENTS OF DEMAND IN THE

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INFO AMCONSUL BREMEN

AMCONSUL DUSSELDORF

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INDIVIDUAL BRANCHES AND SECTORS OF THE ECONOMY IS, SO FAR, NOT VERY RELIABLE. WE CAN'T PREDICT INTERNATIONAL POLITICAL DEVELOPMENTS AND ESPECIALLY THE DEVELOPMENT OF CONSUMER DEMAND IN OTHER COUNTRIES AND ON THE WORLD MARKET AND THIS POSES REAL PROBLEMS FOR US. FOR EXAMPLE, IF VOLKSWAGEN HAD RIGHTLY PREDICTED THE DEVELOPMENT OF DEMAND IN THE FOREIGN MARKET, MANY OF THE PROBLEMS WE HAVE TODAY WOULD NOT EXIST. I WARN EVERYBODY
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IN THIS FIELD AGAINST SUCH LONG RANGE PREDICTIONS AND FUTURE ASSESSMENTS BECAUSE WE HAVE DIFFICULTIES EVEN PREDICTING THE COURSE OF EVENTS FOR ONE YEAR, LET ALONE THE FIVE, SEVEN OR 10 YEARS THAT WOULD BE NEEDED FOR VARIOUS INVESTMENT CONTROL AND REGULATION SCHEMES. AND I ALSO WARN AGAINST THE IDEA THAT GOVERNMENT AGENCIES ARE ANY BETTER QUALIFIED THAN TRADE UNIONS OR EMPLOYERS TO PREDICT THESE DEVELOPMENTS. I BELIEVE, AND I SAY THIS WITH CONSIDERABLE EXPERIENCE, THAT THE DEVELOPMENT OF SECTORAL INVESTMENT OBJECTIVES BY THE GOVERNMENT IN THE LONG RUN CREATES MORE PROBLEMS THAN WE ALREADY HAVE IN MAKING OUR OVERALL ESTIMATES FOR THE DEVELOPMENT OF THE ECONOMY BY OUR SO-CALLED COUNCILS OF ECONOMIC EXPERTS."

ECONOMICS MINISTER FRIDERICHs COMMENTED: "I AM AGAINST WAGE GUIDELINES AND, FOR THIS REASON, I AM ALSO AGAINST INVESTMENT GUIDELINES BECAUSE I SEE A DIRECT RELATIONSHIP BETWEEN THE TWO. I WOULD AGREE WITH YOU, MR. VETTER, THAT A BETTER COORDINATION OF SECTORAL AND REGIONAL ECONOMIC DEVELOPMENT POLICY IS NECESSARY, AND IF YOU SAY THAT THE GOVERNMENT MUST SUPPLEMENT THE FINANCIAL NEEDS OF THE ECONOMY, FOR EXAMPLE, TO CREATE LASTING JOBS, THIS IS THE RESPONSIBILITY OF A REGIONAL DEVELOPMENT POLICY. WE HAVE TRIED TO IMPROVE THE BASIS OF THE DIVISION OF RESPONSIBILITIES BETWEEN THE PRIVATE AND PUBLIC SECTOR AND I HOPE WE SUCCEED. AND I WILL NOT SAY THAT OUR PREVIOUS OBJECTIVE OF CREATING MORE JOBS IN LESS DEVELOPED AREAS IS AT A STANDSTILL. BUT IT IS A LITTLE SCHIZOPHRENIC TO SAY THAT WE WANT TO USE TAX PAYER'S MONEY TO DEVELOP JOBS IN LESS DEVELOPED REGIONS AND AT THE SAME TIME PERMIT UNLIMITED NUMBERS OF FOREIGN WORKERS TO ENTER INDUSTRIAL CENTERS WITHOUT

CONSIDERING THE ADDITIONAL BURDEN OF THE COSTS OF EXPANDING THE INFRASTRUCTURE. I ALSO AM AGAINST PRIVATE INVESTMENT CARTELS THAT ELIMINATE COMPETITION AND I WELCOME THE INTEREST OF THIS CONVENTION IN STRENGTHENING ANTI-TRUST MEASURES."

FRIDERICH'S ALSO REEMPHASIZED CHANCELLOR SCHMIDT'S POINT THAT INVESTMENT CONTROLS ARE IMPRACTICAL BY LIMITED OFFICIAL USE

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SAYING THAT IF THE DGB SUCCEEDS IN ACHIEVING INVESTMENT CONTROLS HE WOULD BE GRAVELY CONCERNED. HE SAID: "WOE BE TO US IF WE GET AS A RESULT OF INVESTMENT CONTROLS FALSE PROJECTIONS FOR ENTIRE SECTORS OF THE ECONOMY, BECAUSE, IF WE RELY ON SUCH PROJECTIONS, THEN WE WILL HAVE A MULTIPLICATION OF RISKS FOR THE WHOLE SECTOR WITH THE RESULTING HARM FOR OUR ECONOMY."

3. VOCATIONAL EDUCATION REFORM: THE DGB SAID IT REGARDS THE BUNDESTAG ACTION ON VOCATIONAL EDUCATION REFORM AS "THE TEST OF EFFECTIVENESS OF THE PRESENT GOVERNMENT COALITION." THE DGB CALLED FOR A NEW STRUCTURE FOR FINANCING A REFORMED SYSTEM AND FOR CODETERMINATION RIGHTS OF TRADE UNIONS ON ALL LEVELS. THIS REFORM SHOULD INCLUDE THE INTEGRATION OF ALL GENERAL AND VOCATIONAL EDUCATION, THE RIGHT OF ALL YOUTH GRADUATING FROM TRAINING TO A JOB COMMENSORATE WITH THEIR TRAINING, THE CREATION OF A CENTRAL FUND TO REGULATE THE FINANCING OF VOCATIONAL EDUCATION, THE REMOVAL OF UNILATERAL EMPLOYER RESPONSIBILITY FOR TRAINING AND THE CODETERMINATION OF TRADE UNIONS AT ALL LEVELS OF THE REFORMED VOCATIONAL EDUCATION PROGRAM.

4. MEDIA POLICY. THE DGB EXPRESSED ITS "EXTREME CONCERN ABOUT THE INCREASING MONOPOLY CONCENTRATION IN THE PRESS SECTOR." THE DGB APPEALED TO THE FEDERAL GOVERNMENT AND THE POLITICAL PARTIES "TO TAKE APPROPRIATE MEASURES TO GUARANTEE A VARIETY OF OPINION AND EDITORIAL INDEPENDENCE." THE DGB CALLED FOR LEGISLATION FOR ACTION AGAINST MONOPOLY AND ALSO TO PLACE THE PRESS UNDER THE SAME TYPE OF PUBLIC CONTROL THAT NOW EXISTS FOR RADIO AND TELEVISION. THE DGB ALSO CALLED FOR CHANGES IN LEGISLATION TO PERMIT CODETERMINATION IN PRESS AND PUBLIC INSTITUTIONS SUCH AS THE PRIVATE NEWSPAPERS AND POLITICAL PARTY PRESS.

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INFO AMCONSUL BREMEN

AMCONSUL DUSSELDORF

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5. COMMENT: CHANCELLOR SCHMIDT AND ECONOMIC MINISTER
FRIDERICHs INDICATED VERY CLEARLY THAT THE PRESENT
GOVERNMENTAL COALITION DOES NOT SUPPORT THE IDEA OF
CONTROL OR REGULATIONS ON INVESTMENTS IN THE FRG.
PROSPECTS FOR SIGNIFICANT CHANGES IN THE VOCATIONAL
EDUCATION SYSTEM ALSO ARE ONLY FAIR. RATHER THERE HAVE
BEEN INDICATIONS THE GOVERNMENT IS FRUSTRATED WITH THE
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LACK OF EMPLOYER RESPONSE TO THE TAX INCENTIVES INSTITUTED THIS YEAR TO STIMULATE THE ECONOMY AND EMPLOYMENT GROWTH AND IS RELUCTANT TO PUSH SUCH REFORMS. HOWEVER, THE DGB CALLS FOR INVESTMENT REGULATION AND MANPOWER TRAINING REFORMS WILL UNDOUBTEDLY CONTINUE AS ONE OF ITS ANSWERS TO THE PRESENT UNEMPLOYMENT PROBLEMS. FOLLOWING LONG PRECEDENTS, THE DGB CONTINUES TO REAFFIRM THE POSITION THAT LACK OF LABOR PARTICIPATION IN INVESTMENT PLANNING AND VOCATIONAL EDUCATION IS ONE OF THE REASONS FOR THE MISTAKES IN OVER-EXPANDING PRODUCTION TO MEET SHORT-RANGE INCREASES IN DEMAND AND THE PRESENT YOUTH UNEMPLOYMENT PROBLEM. PROBABLY NO ISSUE RANKS HIGHER AMONG THE CONCERNS OF THE GERMAN LABOR MOVEMENT THAN EMPLOYMENT SECURITY AND THE MEANS TO GUARANTEE IT. END COMMENT.
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